



AMO REPORTS 82-5

PROVINCIAL-MUNICIPAL GRANTS
FOR CHILDREN'S SERVICES

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO
MARCH, 1982

To the Municipal Clerk:

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PROVINCIAL-MUNICIPAL GRANTS FOR CHILDREN'S SERVICES

1. BACKGROUND

The AMO/ACRO Sub-Committee on Children's Services was formed in the Spring of 1978 to examine the impact on municipalities of the policies of decentralization being pursued by the Children's Services Division of the Ministry of Community and Social Services. One of the major tasks of the Sub-Committee has been to explore, examine and recommend to the AMO Board of Directors a new provincial-municipal cost-sharing approach for children's services. This process has been lengthy and at times tedious, involving a great deal of investigation and research by both staff and member municipalities. Via regular reports and correspondence, the Board has been made aware of the ongoing discussions between Ministry of Community and Social Services staff and the Sub-Committee, but is reviewed here briefly for the sake of clarity.

The first provincial discussion paper Provincial-Municipal Grants for Children's Services was released to the Sub-Committee in July 1980. Briefly, the paper reviewed the policy and objectives of the Ministry, outlined various types of grants, their pros and cons, and adopted a position favouring conditional formula-type grants for children's services. This paper was examined by the Sub-Committee over the summer months, a response formulated and forwarded to the Boards of AMO and ACRO and Provincial staff in September 1980. The Sub-Committee's response outlined conditions which must be met if a new cost-sharing arrangement for children's services acceptable to municipalities was to be implemented. These conditions included a continued guaranteed level of provincial funding, weighting factors for purposes of "equalization", guarantee of no municipal deficit, and a clearly defined municipal role in the area of children's services. During this period, a questionnaire was also developed and circulated to all municipalities in Ontario to determine exactly what was expended by the municipalities in 1980 on children's services, both in terms of cost-shared programs, municipally funded programs and voluntary sector programs. The results of the

questionnaire were very interesting and revealed that municipalities were spending substantially more than was recognized by the Provincial Government, possibly up to \$20 million more. A follow-up questionnaire verified these findings, and will be useful in negotiating with the Provincial Government what services and costs will be included in the future cost-sharing agreement for children's services.

The second provincial discussion paper on Provincial-Municipal Grants for Children's Services was released to the Sub-Committee on March 31st, 1981. The paper again outlined the provincial position regarding policy objectives and identified a number of areas on which they required further municipal input and feedback. The issues still outstanding and the Association's comments thereon are discussed in the next section.

The Association has spent a good deal of time discussing the entire gambit of children's services and the municipal role therein. AMO's recommendations on this area are closely tied in to the conditions which AMO feels must be present for the acceptance of a new cost-sharing formula for children's services. The recommendations represent two years of thought, consideration, arguing and discussion on the subject.

2. OUTSTANDING ISSUES

Although resolution on a number of issues, including deficits, ceilings and negotiated roles, has been reached, there are still a number of outstanding issues which must be dealt with before a new cost-sharing arrangement for children's services is agreed upon. These outstanding areas are:

1) Clarification on Streams of Services

Currently there are diverse numbers, types and funding arrangements for services for children. These services include child welfare (CAS); day nurseries; group homes; foster homes; mental retardation, child and youth and charitable institutions; children's mental health centres; probation and after care; and counseling and support services. Of these services, the municipalities officially cost-share only in the child welfare and day care services at a rate of 20%.

What has been suggested by the Provincial Government is that these children's services basically fall into three streams - i.e. normal (day care); troubled children and children at risk; and handicapped (including mental retardation).

What is further suggested by the Provincial Government is that these collapsed streams incorporate all the previously listed services, and should be cost-shared with the municipalities. While these streams may be acceptable as they represent three very different types of services for children, certain items must be addressed prior to acceptance of Provincial suggestions.

These items are:

- cost and cost trend analysis of each type of service
Clear identification must be forthcoming from the Provincial Government on what the cost of each of these services has been, what those costs included, and what the 5 and 10 year forecasts are for those services in terms of cost and growth.
- mutually-agreed upon definitions of what each service stream includes and entails
Negotiations will have to take place at the provincial-municipal level on which services will be included in future cost-sharing arrangements, and what those services entail.
- percentage cost-sharing agreement for each stream
Agreement will have to be reached on what portion municipalities should pay in each of the three service streams, if these streams are adopted.
- possible social indicators of community need for each stream
Agreement will have to be reached on what might be appropriate indicators of need in each community, and how these might be applied in the process of allocating funds.

In order that these tasks may be addressed, it is recommended that provincial-municipal work groups on social indicators and spectrum of service be established immediately to complete the technical work involved and to report back to their parent bodies with recommendations by September 1982.

2) Charge-Backs

The whole question of a system of charge-backs is problematic and is further complicated by the provincial wish not to immediately cease funding children's services' agencies, which would cause severe displacement in the service provider community. While being aware of this additional problem, the municipalities are concerned that this not become an over-riding issue in choosing the most appropriate charge-back system for municipalities.

The provincial paper outlines two alternative charge-back systems -- i.e.: a provincially operated system for agencies and committees, with actual funds being flowed to and among each party, or, a provincially operated system whereby the Provincial Government acts as broker between agencies and municipalities, with buy/sell transactions being recorded on "paper". There are pros and cons with either of these systems. The former is cumbersome but allows for flexibility in local decision-making in terms of choosing services. The latter is more streamlined and efficient in terms of paper flow, but severely diminishes local choice by leaving the responsibility for the funding of many children's services' agencies with the Provincial Government. Undoubtedly, the monies the Provincial Government will "hold-back" for the funding of these agencies will come out of the overall budget for children's services. Hence less money will be flowed to the municipalities, but the municipalities will still have total responsibility to ensure children in their area receive services.

Given these problems, the Association recommends that the Provincial Government, in consultation with the AMO Sub-Committee on Children's Services, employ an independent agent to complete a detailed study on charge-backs, the terms of reference of the study to include the examination of the fee-for-service concept.

3) Equalization

In recognition of the fact that some municipalities are less able to pay for children's services than others, the Provincial Government has offered to work on possible equalization factors.

These factors, however, would be based on a municipality's ability to pay, with the caveat that the adoption of such principles would be applied fully -- i.e.: adjustments would be made in both municipal and provincial contributions based on local ability to pay. The basic approach would be that the provincial portion of the grant would be in inverse proportion to local wealth, measured by equalized property assessment per child.

The position of the Association is that there can be no increase in the municipal share, either individually or collectively, of the cost of children's services. If the financial burden of providing children's services is currently unacceptable to a municipality, in all likelihood it will remain so.

3. CONCLUSIONS

While progress has been made in the ongoing discussions around new fiscal arrangements for children's services, it is apparent that there are still a number of critical issues as yet unresolved. Questions around definition, inclusion and cost of services still require a good deal of detail work at the staff level before final recommendations can be formulated. A time frame-work and work plan must be formulated with the Provincial Government in order that these tasks, and the provincial-municipal negotiations, are completed well before the introduction of the Omnibus Legislation for Children's Services.

4. RECOMMENDATIONS

1. WHEREAS the Province of Ontario has indicated its intentions to decentralize children's services to the municipal level of government;

THAT the Provincial Government immediately make available, externally, the technical resources to define and determine what each municipality is currently spending on children's services; and

THAT these spending patterns be examined in terms of each municipality's ability to pay for children's services; and

THAT these expenditures be further considered in light of a community's need for those service (i.e. social indicators); and

THAT the terms of reference for this study be mutually agreed upon by both the Provincial Government and the municipalities; and

THAT the technical study complete the above tasks within a reasonable, previously agreed-upon time frame; and

THAT the findings be forwarded to a provincial/municipal work group which will then make recommendations regarding equalization to their respective parent bodies.

2. THAT the services approach to the funding of children's services, including the elements of exceptional circumstance reviews and the application of social indicators as determinants in the allocation of new monies, be endorsed; and

THAT the budget conditions for the municipal acceptance of the responsibility for the allocation of children's services funds be clearly defined and outlined including procedures for provincial-municipal negotiations around ceilings and deficits; and

THAT the Province of Ontario, in consultation with the AMO Sub-Committee on Children's Services, complete a detailed study on inter-municipal and provincial-municipal charge back systems, the terms of reference of said study to include the examination of the adoption of the fee-for-service-concept.

3. THAT the Province of Ontario enact legislation that would begin the flow of funds for all children's services through the municipalities not later than 1985.
4. THAT a cost-sharing arrangement, based on formula-type grants and including three streams of children's services (i.e.: for troubled children, normal children and handicapped children), with expenditure ceilings and indicators of local need mutually-agreed upon by both the Provincial Government and the municipalities, be developed and endorsed, based on a maximum percentage cost which does not result in an additional transfer of costs to municipalities either individually or collectively; and

THAT these services be defined to include legislated services and total costs of administration, including allied and associated municipal costs (i.e.: local children's services committees, accounting and legal services costs).

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